

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00  
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DOTE-00 /119 W

-----160141Z 082752 /70

R 152009Z JUN 77

FM AMEMBASSY MANAGUA  
TO SECSTATE WASHDC 3503  
AMEMBASSY GUATEMALA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA

UNCLAS MANAGUA 2851

GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: ECIN, ELTN, ENRG, ETEL, EWWT, CS, NU, XK

SUBJECT: COSTA RICA AND NICARAGUA AGREE ON ELECTRICAL INTERCON-  
NECTION AND CONSIDER FURTHER COOPERATION

1. BEGIN SUMMARY: NICARAGUA AND COSTA RICA HAVE AGREED TO EXPAND THE  
SCOPE OF BILATERAL COOPERATION TO INCLUDE AN ELECTRIC POWER INTER-  
CONNECTION. RAIL AND INLAND WATERWAY LINKS AND COOPERATION ON  
COASTAL PATROLLING MAY FOLLOW. WHEN PRESIDENTS SOMOZA AND ODUBER  
MET IN MANAGUA TO SIGN THE POWER AGREEMENT, THEY SAID THAT THEY  
WILL PURSUE THE POSSIBILITY OF JOINT "MANAGEMENT" OF A 200-MILE  
TERRITORIAL SEA OFF EACH NATION'S COASTS AND THAT THEY MIGHT PROMOTE  
THIS IDEA AMONG OTHER CENTRAL AMERICAN REPUBLICS AS WELL. THE  
CHARGE SPOKE WITH BOTH PRESIDENTS AND WITNESSED FIRST-HAND THE  
SPIRIT OF APPARENTLY SINCERE COOPERATION THEY MANIFEST TOWARD  
ONE ANOTHER. END SUMMARY.

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2. ON JUNE 10, PRESIDENTS SOMOZA OF NICARAGUA AND ODUBER OF COSTA  
RICA SIGNED AN AGREEMENT IN MANAGUA PROVIDING FOR AN INTERCHANGE  
OF ELECTRIC POWER BETWEEN THEIR TWO COUNTRIES. ACCORDING TO PRESS  
ACCOUNTS, THE POWER INTERCONNECTION WILL REQUIRE THE INSTALLATION OF  
A 230 KV LINE BETWEEN CANAS SUBSTATION IN COSTA RICA AND THE RECENT-  
LY INAUGURATED LOS BRASILES SUBSTATION NEAR MANAGUA. THE AGREEMENT  
PROVIDES FOR THE INTERCHANGE OF SECONDARY (HYDROELECTRIC) ENERGY

UNTIL 12/31/1988 AND FOR THE INTERCHANGE OF OTHER FORMS OF ELECTRIC ENERGY UNTIL 12/31/1984. THE AGREEMENT MAY BE PROLONGED BY MUTUAL CONSENT. BOTH THE COSTA RICAN POWER AUTHORITY (ICE) AND ITS NICARAGUAN COUNTERPART (ENALUF) CAN BE INTERCONNECTED WITH THIRD PARTIES UPON PRIOR AUTHORIZATION OF A JOINT COORDINATING COMMITTEE. (N.B. NICARAGUA HAS BEEN LINKED TO THE HONDURAN POWER GRID SINCE LATE 1976.) THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI) AND THE WORLD BANK REPORTEDLY FINANCED AND SUPPORTED THE PREFEASIBILITY STUDY OF THIS "NICA-TICA" POWER INTERCHANGE PROJECT WHICH GREW OUT OF A 1974 AGREEMENT BETWEEN SOMOZA AND ODUBER.

3. DURING THE SIGNING CEREMONIES, BOTH ODUBER AND SOMOZA STRESSED THE FRIENDSHIP EXISTING BETWEEN THE TWO COUNTRIES AND SAID THAT THEIR COOPERATION WAS FOR THE BENEFIT OF THEIR RESPECTIVE PEOPLES, "NOTWITHSTANDING ANY DISCREPANCY IN POLITICAL PHILOSOPHY." THEY ALSO INDICATED THAT THEIR SPIRIT OF COLLABORATION MIGHT SERVE AS A MODEL FOR OTHER CENTRAL AMERICAN REPUBLICS.

4. IN ADDITION TO THE PLANNED POWER LINK UP, SOMOZA AND ODUBER REV ERRED TO OTHER EXISTING AND PLANNED AREAS OF COOPERATION. THESE INCLUDE:

--THE EXISTING HIGHWAY INTERCONNECTION (ALTHOUGH A STRETCH OF THE PAN AMERICAN ROADWAY ON THE COSTA RICAN SIDE OF THE FRONTIER REMAINS UNIMPROVED).

--THE EXISTING MICROWAVE TELECOMMUNICATIONS NETWORK THAT LINKS ALL OF THE CENTRAL AMERICAN REPUBLICS (AND WITH THE REST OF THE WORLD VIA NICARAGUA'S SATELLITE STATION).

--THE REVIVAL OF THE OLD IDEA OF LINKING THE RAIL SYSTEMS OF THE TWO COUNTRIES (VIA GRANADA, NICARAGUA, AND PUNTARENAS, C.R.).  
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--THE INITIATION OF A CENTRAL AMERICAN ENDEAVOR TO "MANAGA" A 200-MILE TERRITORIAL SEA SO AS TO AVOID EXCESSIVE PATROL AND ADMINISTRATIVE COSTS (PERHAPS SIGNIFYING SHARED PATROL RESPONSIBILITIES TO PROTECT AGAINST THIRD-PARTY INTRUDERS).

--THE POSSIBILITY OF INLAND WATER TRANSPORTATION BETWEEN PUERTO LIMON, C.R., AND MANAGUA VIA COSTA RICA'S CANAL SYSTEM, THE SAN JUAN RIVER, AND NICARAGUA'S TWO LARGEST LAKES.

5. THE CHARGE HAD THE OPPORTUNITY TO TALK WITH BOTH SOMOZA AND ODUBER THAT DAY. EACH MADE A POINT OF STRESSING HIS WARM, PERSONAL REGARD FOR THE OTHER AND OF CITING THE PROBLEM-SOLVING APPROACH EACH APPLIES TO BILATERAL ISSUES.

6. COMMENT: ALTHOUGH THE EMBASSY UNDERSTANDS THAT THE REALIZATION OF THE ELECTRICAL INTERCONNECTION MAY BE TWO YEARS OFF, THAT PROJECT, WHEN COMPLETED, SHOULD BE OF SIGNIFICANT HELP TO NICARAGUA WHICH SUFFERED SEVERE POWER SHORTAGES IN JANUARY-APRIL 1977. THE PRESIDENTS' REPEATED REFERENCES TO THE DEGREE OF COOPERATION EXISTING BETWEEN THEM WAS UNDOUBTEDLY AIMED, IN PART, AT COUNTERING

PERIODIC EFFORTS BY OPPOSITION PAPERS IN EACH COUNTRY TO STIR UP  
RESENTMENT AGAINST THE OTHER COUNTRY, WHETHER OVER FISHING RIGHTS,  
BUS SERVICE OR WATER DIVERSION. PRESIDENT SOMOZA, OF COURSE, HAS  
A SPECIAL INTEREST IN MAINTAINING GOOD RELATIONS WITH HIS COSTA RICAN  
COUNTERPART, GIVEN SOMOZA'S REPORTED SUBSTANTIAL INVESTMENTS IN  
COSTA RICA.  
RUBENSTEIN

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## Message Attributes

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